

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-433-C - ORDER NO. 2001-610

JUNE 20, 2001

IN RE: Application of Sterling Time Company for)	ORDER
Authority to Operate as a Reseller of)	GRANTING
Interexchange Telecommunications Services)	CERTIFICATE FOR
Within the State of South Carolina)	LONG DISTANCE
)	AUTHORITY

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Sterling Time Company ("STC" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services between and among locations within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 2000), S.C. Code Ann. § 58-9-520 (Supp. 2000) and the rules and regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed STC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of STC's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

A hearing was convened on May 2, 2001, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. Scott A. Elliott, Esquire, represented STC. Ron Schmidt, Jr. testified on behalf of the Company. Jocelyn G. Boyd, Staff Counsel, represented the Commission Staff.

Schmidt is the President of the Company. As President, Schmidt manages and runs STC's office, oversees the implementation of all new products in the marketplace, and performs several other tasks. STC was founded in 1996 as a global service carrier. The Company currently has authority to provide telecommunications services in forty-two states.

According to the testimony, the staff of STC has an extensive background in telecommunications as well as in marketing, public relations, and customer service. The Company's Chief Executive Officer is Scott Aadal, who is also the founder of STC. Aadal has been in the telecommunications industry since 1989. The record reveals Aadal began brokering for MCI in the early 1990s and he was recognized as top salesman ten months in a row, as well as salesman of the year. Ultimately, Aadal oversaw a sales force of two hundred men and women. Aadal is also a member of ITA, a pro consumer base organization for the telecommunications industry. Schmidt was appointed President of STC in 2000; he has a marketing degree and he has over five years' experience in the business. Additionally, Schmidt has been the publisher of Telecom Business magazine and he has been on the National Board of Directors for the International Telecard Association. Schmidt has watched the telecommunications industry grow, especially in

the prepaid market. Schmidt is also familiar with the technical aspects of the telecommunications industry; he has experience working with switches, platforms and point of sale activation.

STC hopes to provide 1+ dialing service, prepaid calling cards, and 800 long distance service in South Carolina. The testimony reveals STC is familiar with the Commission's requirement that the Company post a five thousand dollar bond with the Commission prior to STC providing prepaid calling cards in South Carolina. STC's primary focus is on prepaid calling cards. These cards are marketed to distributors. The distributors then sell the cards to retail locations and consumers purchase the cards from the retail locations. STC intends to utilize MCI WorldCom and/or Qwest Communications as its underlying carriers. The Company will choose its underlying carrier based upon the quality of service of the carrier properly certified by the Commission to provide such service.

Regarding the Company's financial ability to provide telecommunications services, Schmidt testified that STC started as a very small company. STC was started with a minimal amount of start-up cash. The Company's average sale per month is approximately 1.8 million dollars. STC closed the year 2000 with sales amounting to a little less than 30 million dollars. Schmidt opined that STC is in a strong position to provide the services the Company seeks to provide in South Carolina.

STC will utilize magazine advertisements to distributors and business-to-business sales to market its services. The Company seeks to ensure that distributors provide consumers with point-of-sale materials properly so that the consumer is well educated

about the services that are being purchased. The Company will initially focus on providing prepaid calling cards to distributors. The Company's cards are uniform so as to eliminate confusion to the consumer. STC's logo, website, and customer service number are printed on the back of the Company's prepaid calling card.

Schmidt explained STC received notification that its prepaid calling cards were being sold at a retail location in South Carolina due to the efforts of a distributor. Immediately, upon receiving notice concerning this complaint, STC contacted the distributor and notified the distributor that STC's products could not be sold in South Carolina. STC offered a refund to all the consumers in South Carolina who had purchased STC's prepaid calling card and STC has not since conducted business with the distributor who was responsible for the Company's cards being sold in South Carolina. Schmidt testified that STC informs its distributors as to where the Company's services can be marketed and sold and that this incident was an isolated one which only occurred once.

The Company's regulatory contact person is Renee Yvette. Cherrie Lund is the Company's contact person for customer service. Lund is available from 7:30 a.m. until 6:00 p.m. eastern standard time. Schmidt testified that the services offered by STC in South Carolina will meet the service standards of the Commission. Moreover, STC will abide by all rules, regulations, and Orders of the Commission. Regarding the Commission Staff's suggested changes to the Company's tariff, Schmidt testified that the Company will agree to make changes to its tariff as recommended by the Staff. STC is operating in good standing in all the states where the Company is currently operating.

The Company has never had authority denied or revoked by any state regulatory body nor has the Company ever been fined or sanctioned in any state where it is licensed to provide telecommunications services.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. STC is organized as a corporation under the laws of the State of Florida and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. STC operates as a reseller of interexchange services and wishes to provide its services in South Carolina.

3. STC has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to STC to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for STC for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. STC shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. STC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 2000).

4. If it has not already done so by the date of issuance of this Order, STC shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. STC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. STC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If STC changes underlying carriers, it shall notify the Commission in writing.

8. STC shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's web site at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations For Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses. STC shall also file with the Commission a copy of its general bill form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 103-622 (1976 and Supp. 2000).

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the

name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. STC shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days from receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s web site at www.psc.state.sc.us/forms; this Form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced. STC shall also file with the Commission a copy of its general Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2 and 103-622 (1976 and Supp. 2000).

10. With regard to the origination and termination of toll calls within the same LATA, STC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

12. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or

a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

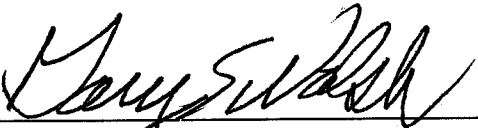
13. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. The Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)